

§ 1930.106

borrower's management plan accomplishes the following:

(1) Provide proper and efficient management policies as prescribed in exhibit B of this subpart.

(2) Comply with loan and grant agreements.

(3) Repay loans on schedule.

(4) Maintain security property.

(5) Protect the interests of FmHA or its successor agency under Public Law 103-354.

(6) Operate facilities according to State and local laws and regulations.

(7) Maintain accounts and records.

(8) Submit reports and audits.

(9) Process rent and occupancy charge changes according to exhibit C of this subpart.

(10) Operate the facilities according to applicable Civil Rights laws, Title VI of the Civil Rights Act of 1964, Title VIII of the Civil Rights Act of 1968, Section 504 of the Rehabilitation Act of 1973, Executive Order 11246, the Americans with Disabilities Act of 1990, and the Age Discrimination Act of 1975.

(11) Maintain facilities and premises that are free of illegal controlled substances.

(12) Collect and remit any occupancy surcharges as applicable.

[58 FR 40868, July 30, 1993, as amended at 62 FR 25065, May 7, 1997]

§ 1930.106 Project operations.

Project operations shall be conducted to meet the actual needs and necessary expenses of the property or for any other purpose authorized under Agency regulations. Whoever willfully uses, or authorizes the use, of any part of the rents, assets, proceeds, income, or other funds derived from such property for unauthorized purposes is subject to penalty. This includes an owner, agent, or manager, or person who is otherwise in custody, control, or possession of property that is security for a multifamily housing loan. Those violating these provisions are subject to penalties set out under Agency regulations and the law. Under law (42 U.S.C. 1484 and 1485) federal penalties consisting of fines of not more than \$250,000 or imprisonment of not more than five years, or both, may be imposed for operating a project in a manner incon-

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sistent with the provisions of this section.

[62 FR 25065, May 7, 1997]

§ 1930.107 [Reserved]

§ 1930.108 Extent of borrower management.

According to exhibit B of this subpart, the borrower and/or the borrower's agent will develop a management plan for each project that describes the scope of property management needed to maintain program objectives. When the management is from other than the borrower, a management agreement will be used to define the responsibilities of the management agent. Initial, modified and/or replacement management agreements will be approved by authorized FmHA or its successor agency under Public Law 103-354 officials. A sample management agreement is provided in exhibit B-3 of this subpart.

§ 1930.109 Extent of FmHA or its successor agency under Public Law 103-354 supervision.

The objective of FmHA or its successor agency under Public Law 103-354 supervision is to guide and advise borrowers and their designated representatives in their quest to meet MFH program objectives, goals, and obligations, not to direct the borrower's activity. Supervision does not relieve borrowers of their own responsibilities and obligations. Supervision starts with the first contact by the applicant and continues as long as any loan balance remains outstanding. In the case of a grant, supervision continues until the requirements of the grant agreement have been fulfilled. Supervision of borrowers is a primary responsibility of the Servicing Official; however, additional supervision and guidance will be given by the State Director and/or other appropriate members of the State Office staff. Security servicing actions will be handled according to subpart B of part 1965 of this chapter.

§ 1930.110 Methods of supervision.

Supervisory methods used by FmHA or its successor agency under Public Law 103-354 employees include organizational and development planning;